



NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY
WESTERN DISTRICT OF MISSOURI

TODD P. GRAVES

Contact Don Ledford, Public Affairs • (816) 426-4220 • 400 East Ninth Street, Room 5510 • Kansas City, MO 64106

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FOR IMMEDIATE RELEASE

FORMER STATE PRISON INMATE PLEADS GUILTY TO ROLE IN INCOME TAX REFUND SCHEME

KANSAS CITY, Mo. – Todd P. Graves, United States Attorney for the Western District of Missouri, announced that a Lee's Summit, Mo., man and former inmate of the Moberly Correctional Center in Moberly, Mo., pleaded guilty in federal court today to participating in a conspiracy with other inmates to receive income tax refunds by submitting false returns to the Internal Revenue Service.

Dusty A. McSparran, 30, of Lee's Summit, Mo., pleaded guilty before U.S. District Judge Fernando J. Gaitan, Jr., this morning.

By pleading guilty, **McSparran** admitted to participating in a conspiracy to defraud the United States by obtaining tax refunds for himself and other inmates between March 2001 and Oct. 31, 2002. **McSparran** also pleaded guilty to filing a false income tax return for himself and preparing and submitting a false income tax return for himself to the Internal Revenue Service.

McSparran is one of several co-defendants to plead guilty to a role in this conspiracy.

As part of the conspiracy, the co-defendants in this case caused false returns to be filed by 85 participants, Graves said, who received approximately \$29,507 in tax refunds to which they were not entitled. While most participants did not receive refunds, Graves added, 27 participants actually received refunds ranging from \$331 to \$355.

On April 8, 2005, **John V. Frentzel**, 41, of Columbia, Mo., was sentenced to three years and one month in federal prison without parole. On Dec. 17, 2005, **Frentzel** pleaded guilty to participating in the conspiracy to defraud the United States by obtaining tax refunds for himself and other inmates. **Frentzel** also pleaded guilty to 27 separate instances, from Feb. 19, 2000, to April 28, 2001, in which he filed false income tax returns, as a result of which tax refunds were paid. **Frentzel** also pleaded guilty to 28 separate instances from March 30 to April 15, 2002, in

which he prepared false income tax returns and sent them to an individual to submit to the Internal Revenue Service. No refunds were paid on those claims.

Frentzel and co-defendant **Linden James Schuster**, 44, of Lexington, Mo., recruited other inmates at the Moberly Correctional Center to file fraudulent federal income tax returns under their own names and Social Security numbers, charging them \$100 to participate in the scheme. **Schuster** acted as the enforcer to collect the \$100 from inmates participating in the scheme. **Frentzel** prepared false returns for himself and others using Forms 1040 EZ, falsely reporting more than \$4,000 in wages and no withholdings, and claiming that each was entitled to an Earned Income Credit and tax refund.

Frentzel and **Schuster** mailed completed returns from the prison to unincarcerated coconspirators and individuals, who then mailed them to the IRS Service Center in Kansas City, Mo.

Schuster pleaded guilty to his role in the conspiracy on Feb. 8, 2005. **Schuster** also pleaded guilty to two specific occasions in which he filed false income tax returns, as a result of which tax refunds were paid, and one instance in which he prepared a false income tax return and sent it to an individual to submit to the Internal Revenue Service. No refund was paid on that claim.

Two other co-defendants have also pleaded guilty to charges contained in a Sept. 9, 2004, federal indictment and one has been sentenced.

Gary Sembler, 55, of Independence, pleaded guilty on Feb. 8, 2005, to his role in the conspiracy. **Sembler** also admitted that he presented false income tax returns for another individual to the Internal Revenue Service, as a result of which tax refunds were paid.

Russell D. Kilgore, 42, of Excelsior Springs, Mo., pleaded guilty on Jan. 28, 2005, to his role in the conspiracy. **Kilgore** also pleaded guilty to two specific occasions in which he filed false income tax returns, as a result of which tax refunds were paid, and one instance in which he prepared a false income tax return and sent it to an individual to submit to the Internal Revenue Service. No refund was paid on that claim.

Sembler and **Kilgore**, after being released from incarceration, provided assistance on the outside by allowing the use of their addresses on inmates' returns, mailing completed returns to the IRS, and receiving refund checks for inmates. **Kilgore** also allowed the use of his mother's address in Richmond, Mo., on inmates' returns and to receive refund checks for inmates. **Sembler** also cashed refund checks for inmates.

This case is being prosecuted by Assistant U.S. Attorney Linda Parker Marshall. It was investigated by the Internal Revenue Service.

This news release, as well as additional information about the office of the United States

Attorney for the Western District of Missouri, is available on-line at
www.usdoj.gov/usao/mow